

STATE OF MICHIGAN



JOHN ENGLER, Governor

DEPARTMENT OF TREASURY

DOUGLAS B. ROBERTS, State Treasurer

STATE TAX COMMISSION

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Bulletin No. 3
April 15, 1991
Millage Requests and
Millage Rollbacks

TO: County Clerks, Treasurers, Equalization Directors, and
Chairperson of Boards of Commissioners;
Township Clerks, Treasurers, Supervisors, and Assessors;
City Clerks and Assessors;
Village Clerks;
School District Boards of Education;
Intermediate School Districts;
Community College Boards of Trustees;
Authority Governing Bodies

FROM: State Tax Commission

This bulletin is being distributed through the above named governmental clerks for their further distribution to the named officials in those governmental units. The cooperation of the clerks is appreciated.

Calculation forms L-4034 and L-4029 with instructions are attached for use in calculating the 1991 millage reduction fractions and for submitting the 1991 millage request report to the County Board of Commissioners. The form L-4029 was distributed as Bulletin No. 6 on April 3, 1989. Please refer to that bulletin for additional information if necessary. Bulletins 1 and 2 pertained to assessment administration and were distributed only to assessing officers and equalization directors.

NOTE: The legislature has considered legislation that would have impacted the Truth and Taxation process significantly for 1991. However, the actions by the legislature to date do not affect the standard procedures contained in the attached forms and instructions as of April 22, 1991. All of the 1991 millage rollback procedures are the same as they were for 1990.

1991 MILLAGE REDUCTION FRACTION CALCULATIONS WORKSHEET

INCLUDING MILLAGE REDUCTION FRACTIONS NOT SPECIFICALLY ASSIGNED TO THE COUNTY EQUALIZATION DIRECTOR BY LAW

County	Taxing Jurisdiction
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1990 Total State Equalized Valuation	(SEV)	_____
1991 Total State Equalized Valuation	(SEV)	_____
Losses, State Equalized Valuation	(SEV)	_____
Additions, State Equalized Valuation	(SEV)	_____
1991 Total Assessed Valuation	(AV)	_____
1991 Total County Equalized Valuation	(CEV)	_____

1. Section 211.34d, MCL, "Headlee" (for each unit of local government)

$$\frac{(1990 \text{ Total S.E.V.} - 1991 \text{ Losses S.E.V.}) \times \text{Inflation Rate}^*}{(1991 \text{ Total S.E.V.} - 1991 \text{ Additions S.E.V.})} = \text{1991 Millage Reduction Fraction (Headlee)}$$

(1.054)

- 2a. Section 211.34, MCL, "Truth in Assessing" (for cities and townships if S.E.V. exceeds A.V. for 1991 only)

$$\frac{1991 \text{ Total Assessed Valuation}}{1991 \text{ Total State Equalized Valuation}} = \text{1991 Rollback Fraction (Truth in Assessing)}$$

- 2b. Section 211.34, MCL, "Truth in County Equalization" (for villages, counties and authorities if S.E.V. exceeds C.E.V. for 1991 only)

$$\frac{1991 \text{ Total County Equalized Valuation}}{1991 \text{ Total State Equalized Valuation}} = \text{1991 Rollback Fraction (Truth in County Equalization)}$$

3. Section 211.24e, MCL, "Truth in Taxation" (for each taxing jurisdiction that levied more than 1 mill for operating purposes in 1990 only)

$$\frac{(1990 \text{ Total S.E.V.} - 1991 \text{ Losses S.E.V.})}{(1991 \text{ Total S.E.V.} - 1991 \text{ Additions S.E.V.})} = \text{1991 Base Tax Rate Fraction (Truth in Taxation)}$$

TE: The truth in taxation BTRF is independent from the cumulative millage reductions provided by sections 211.34d and 211.34. The Base Tax Rate equals the BTRF X 1990 Operating Rate levied.

1.34(15), MCL requires the State Tax Commission to publish the inflation rate before March 1 each year. (1.054)

**INSTRUCTIONS FOR
1991 TAX RATE REQUEST
Millage Request Report to County Board of Commissioners**

These instructions are provided under MCL Sections 211.24e (truth in taxation), 211.34 (truth in county equalization and truth in assessing), 211.34d (Headlee), and 211.36 and 211.37 (apportionment).

Column 1: Source. Enter the source of each millage. For example, 15 mill allocation, separate millage limitations voted, charter, approved extra-voted millage, etc.

Column 2: Purpose of Millage. Examples are: operating, building and site, debt service, special assessment, etc.

Column 3: Date of Election. Enter the month and year of the election for each millage authorized by direct voter approval.

Column 4: Maximum Millage Authorized. List the allocated rate, charter aggregate rate, extra-voted authorized before 1979, each separate rate authorized by voters after 1978, debt service rate, etc. (This rate is the rate before reduction caused by MCL Section 211.34 if state equalized valuation exceeds county equalized valuation or assessed valuations.)

Column 5: 1990 Compounded Millage Reduction Fraction. List the applicable millage reduction fraction from column 7 of your 1990 Tax Rate Request (form L-4029) for each separate millage listed.
Note: These 1990 compounded millage reduction fractions may not be the same for all millages to be levied by a taxing district. Also, voters could have increased one or more of these fractions to a maximum of 1.0000.

Column 6: Current Year Millage Reduction Fraction. List the millage reduction fraction certified by the county treasurer for the current year.

Column 7: Applicable Millage Reduction Fraction. For millage not subject to reduction, enter 1.0000. For millage subject to the reduction fraction from a single year, enter the lower of 1.0000 or the current year millage reduction fraction. For millage subject to the reduction fraction for more than one year, enter the compounded millage reduction fraction for the period since authorization was voted. (See examples on back.)

Column 8: Sec. 211.34 Millage Reduction Fraction. List the millage reduction fraction for 1991 for each millage which is an operating rate. Use 1.0000 for school districts and for special assessments and bonded debt retirement levies. For counties, villages and authorities, calculate as $\text{TOTAL C.E.V.} / \text{TOTAL S.E.V.}$. For townships and cities, calculate as $\text{TOTAL ASSESSED VALUATION} / \text{TOTAL STATE EQUALIZED VALUATION}$. This fraction shall not exceed 1.0000. Use 1.0000 for an authority located in more than one county.

Column 9: Maximum Allowable Millage Levy. Multiply column 4 (maximum millage authorized) by column 7 (applicable millage reduction fraction) and also by column 8 (Sec. 34 millage reduction fraction). Round the rate to the nearest 0.0001 mill.

Column 10/Column 11: Millage Requested to be Levied. Enter the tax rate approved by the unit of local government provided that the rate requested does not exceed the maximum allowable millage levy (column 9). A millage rate that exceeds the base tax rate cannot be requested unless the requirements of the hearing, etc., have been met.

Examples for Column 7

- a. For millage approved by the voters after May 31, use 1.0000 for the first year levied.
- b. For debt service or special assessments not subject to a millage reduction fraction, enter 1.0000.
- c. For millage authorized by county tax allocation board enter the compounded millage reduction fraction beginning with the 1979 reduction fraction, unless there has been voter approval of an increase in the fraction restoring it to 1.0000, etc.
- d. For a separate millage limitation voted after 1978, enter the compounded millage reduction fraction beginning with the date of voter approval (see (a.) above). Separate millage approved before 1979 is to be reduced in the same manner as millage allocated by tax allocation board. Revoting of separate millage limitations constitutes approval by the voters as of the date of the most recent election approval.
- e. There is not necessarily a single millage reduction fraction for all millages authorized for a single taxing jurisdiction. For example, in 1991, a school district might have a separate limitation of 9.0 mills subject to the compounded millage reduction fraction for each year from 1979 through 1991. In 1984, it might have voted 10 extra mills reduced by the compounded millage reduction fraction for each year from 1985 through 1991. It might also have voted five extra mills on June 3, 1991 which would have a fraction of 1.0000.
- f. The applicable millage reduction fraction for any millage cannot exceed 1.0000. By statute, the 1979 reduction fraction is limited to 1.0000. Thereafter, the compounded millage reduction fraction cannot exceed 1.0000. The compounded millage reduction fraction for a year is equal to the compounded reduction fraction for the prior year multiplied by the current year millage reduction fraction, but not to exceed 1.0000.

After a unit of local government has been subjected to a millage reduction fraction of less than 1.0000, such as .9000, the compounded millage reduction fraction might increase due to a subsequent current year reduction fraction larger than one, such as 1.2000.

When this occurs, the compounded millage reduction fraction of .9000 x the current year millage reduction fraction of 1.2000 = 1.0800. The compounded 1.0800 would become 1.0000 because that is the maximum limit for the compounded fraction. If in the following year, the current year reduction fraction was .9500 the compounded millage reduction fraction would be 1.0000 x .9500, and not 1.0260 (1.0800 x .9500). Calculated compounded millage reduction fractions which would exceed 1.0000 cannot be "banked" to offset future reductions.

Date of Election to Authorize Millage. A millage authorized by voters after May 31 is not subject to a millage reduction until the year following the authorization. (MCL 211.34d(9))

Waiver of Constitutional Millage Reductions. Voters may approve the levy in that year of the local government unit's authorized millage without regard to the required millage reduction or to increase that year's compounded millage reduction fraction to 1.0000. (MCL 211.34d(11))

Waiver of Future Constitutional Millage Reductions Prohibited. A unit of local government cannot obtain voter approval to disregard the constitutional reduction for future years, i.e. voters cannot approve a waiver in 1990 for 1991 or any other future year. The waiver approval by the voters may be obtained in the same year in which that year's constitutional reduction is to be waived.

Date of Election for Waiver of Constitutional Millage Reductions. A unit of local government that obtains voter approval after May 31 to levy its authorized millage without regard to the required constitutional millage reduction would not be subject to a rollback in that year. For example, if the voters approved the waiver of the constitution millage reductions at an election on June 3, 1991, the compound millage reduction fraction for 1991 tax levies would be equal to 1.0000 for each millage rate authorized for that unit of local government.

1991 TAX RATE REQUEST

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

County	1991 SEV (As of 5-28-91)
Local Government Unit	

ORIGINAL TO: County Clerk(s)
COPY TO: Equalization Department(s)
COPY TO: Each township or city clerk

You must complete this form for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 1991 tax roll.

[illegible]

Prepared by	Title	Date
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As the representative for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e and 211.34.

<input type="checkbox"/> Clerk	Signature	Type Name	Date
<input type="checkbox"/> Secretary			
<input type="checkbox"/> Chairperson	Signature	Type Name	Date
<input type="checkbox"/> President			

* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. A public hearing and determination is required for an operating levy which is larger than the base tax rate but not larger than the rate in column 9.